Annual information returns (AIR) for third parties

841. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there are only 80,000 assessees, classified as high networth individuals with taxable income over Rs. 10.00 lakhs in the country;

(b) whether the Income Tax Department is working on Annual Information Returns (AIR) to be filed by third parties like Registrars of property, credit card companies etc. and whether these returns are reconciled with the personal Income Tax returns of high networth individuals; and

(c) whether the CBDT has targeted an increase in the number of assessees in the high networth individuals category?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Number of individuals in the country having taxable income over Rs. 10.00 lakhs is 82,525 as on 31st March, 2005.

(b) Section 285BA of the Income Tax Act, 1961 provides for furnishing of Annual Information Returns (AIR) by specified persons such as Registrars of property, credit card companies, RBI, etc., in respect of prescribed high value transactions recorded or registered before them, on or after 1st April, 2004. The due date for furnishing of AIR in respect of transactions pertaining to Financial Year 2004-05 is 31.8.2005. The data in the AIRs will be used for selecting cases for scrutiny and investigation.

(c) the CBDT has targeted an increase of 50% during the year in respect of such assessees.

Value of scrap sold by Sterlite Industries

†842. SHRI RAMADHAR KASHYAP: Will the Minister of FINANCE be pleased to state:

(a) whether value of scrap lying in BALCO was assessed at the time of its disinvestment;

(b) the value of scrap sold by Sterlite Industries so far; and

(c) the details of the value of scrap still lying to be sold in this industry?

†Original notice of the question was received in Hindi

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Valuation of BALCO was done by professional Advisors using four internationally recognised methodologies (Discounted Cash Flow Method (DCF), Balance Sheet Method, Comparables Method and the Asset Valuation Method). The Inter-Ministerial Evaluation Committee was of the view that the DCF method was the most appropriate method for valuing the shares of a running business like BALCO. This method computes the future value of the business rather than the value of the existing assets of a Company. The total value of the Company was assessed at Rs. 1008.6 crores. On this basis 51% of the shareholding, which was to be sold, was assessed at Rs. 514.4 crores.

(b) As informed by BALCO, there has been no sale of scrap of BALCO by Sterlite Industries. However, BALCO has sold scrap generated by its operations worth Rs. 22.88 crores from 2000-01 to 2004-05.

(c) As informed by BALCO, the generation of scrap is a continuous process and can be determined only by inviting offers for the purchase of the scrap. However, BALCO estimates that the value of such scrap at present would be around Rs. 50 lakhs.

Introduction of additional features in currency notes

843. SHRI EKANATH K. THAKUR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government propose to introduce some additional features in notes of denomination 50, 100, 500 and 1000 to make them photocopy-proof; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Yes, Sir. It has been decided to incorporate additional/new security features in the Indian bank notes. One of the approved security features is the Omron anti photo copying feature to be incorporated in bank notes of Rs. 50 and Rs. 100 denominations. Bank notes of higher denominations of Rs. 500 and Rs. 1000 already carry this feature.